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ABSTRACT

This resource manual was designed to improve community college instructors' understanding of personal and family financial planning (PFFP) and to provide them with guidelines for developing and implementing PFFP programs. After introductory material, the manual presents a five-part teaching guide, "Teaching Personal and Family Financial Planning in the Community College," by Robert Clark, Jacki Snyder, and James Vomhof. The guide presents: (1) rationale for teaching financial planning; (2) suggestions for planning a PFFP program; (3) ways of integrating financial planning topics into existing courses; (4) a suggested outline for a modular PFFP course covering financial goal setting; insurance coverage; tax savings; financial aspects of family partnerships, marriage, and divorce; investments; and wills; and (5) suggestions for a two-day staff workshop, including objectives, topics, and activities. Next, Betty Tully's article, "The Counselor's Role in Personal and Financial Planning," is presented, which includes an outline for a learning module on "The Psychology of Money" and points to areas in the career planning sequence where money is an important issue and where career counselors play a major role. Finally, Iris Elfenhein discusses the role of the American Council of Life Insurance in promoting PFFP education and lists and describes the resource materials the Council makes available for staff developers, instructors, and students. (AYC)

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PERSONAL AND FAMILY FINANCIAL PLANNING:
A RESOURCE MANUAL FOR COMMUNITY COLLEGE INSTRUCTORS

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February, 1981

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INTRODUCTION

This resource manual for community college faculty is the second in a series of major publications developed and published by the League for Innovation in the Community College with a grant from the American Council of Life Insurance. The Council's support since 1978 has enabled the League to establish the Trans-America Network for Personal and Family Financial Planning, and through this network, community college faculty and staff nationwide have had the opportunity to increase understanding of financial planning and to improve teaching techniques.

The manual was prepared in response to identified faculty needs and reflects the following eight competencies developed by the American Council of Life Insurance for personal and family financial planning education.

I. ANALYZE PERSONAL AND FAMILY GOALS AND PRIORITIES AS THEY RELATE TO FINANCIAL PLANNING

II. ASSESS A VARIETY OF FINANCIAL RESOURCES PERTINENT TO PERSONAL AND FAMILY GOALS THROUGHOUT THE LIFE SPAN

III. DESIGN A COMPREHENSIVE PERSONAL OR FAMILY FINANCIAL PLAN REFLECTING DEFINED GOALS, PRIORITIES AND RESOURCES

IV. USE THE FINANCIAL PLAN AS A MEANS OF EXPRESSING VALUES, ATTAINING GOALS AND FULFILLING ESTABLISHED PRIORITIES

V. APPLY PRINCIPLES OF EFFECTIVE BUYING, BORROWING, INVESTING, SAVING, SHARING AND PROTECTING IN BOTH IMMEDIATE AND LONG-TERM DECISIONS

VI. EVALUATE AND CHANGE PERSONAL OR FAMILY FINANCIAL PLANS TO MEET CHANGING SOCIAL, ECONOMIC AND LIFE SPAN CONDITIONS

VII. FUNCTION EFFECTIVELY IN THE PRODUCER ROLE TO PROVIDE A PLAN FOR PROTECTING AGAINST LOSS

The format for this manual was purposely selected to enable faculty users to update the material and to make their own additions. The League wishes to acknowledge the assistance of Network members in the development of this manual and in particular to thank the authors whose fine work made this publication possitle.

Norb Dettmann
League for Innovation

TEACHING PERSONAL AND FAMILY FINANCIAL PLANNING IN THE COMMUNITY COLLEGE

by

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I. THE IMPORTANCE OF FINANCIAL PLANNING

Although the United States is a country with one of the highest per capita incomes in the world, over 90% of its people face serious financial problems when they reach normal retirement age. In most situations, available funds simply aren't sufficient to provide a decent standard of living or take care of unforeseen emergencies. The result is that many individuals have to continue working, and those who do retire often must face the fact that the cost of retirement living exceeds their available funds. They have literally lost the money game. This means they may spend 10 to 20 years of their lives in a state of frustation and financial insecurity.

One of the key problems is that most people simply do not understand the concept of financial planning. Although there are many educational programs that teach people how to earn money, there is little or no instruction in what to do with income. As a result, most people have a limited understanding of what they should do with their money, other than purchase consumer goods and services. They are also influenced by high-powered marketing strategies and advertising, particularly through television, radio, and newspapers.

The United States has one of the lowest savings rates of any of the industrialized countries. The rate of savings in this country averages about 3% of disposable income, while the savings rate in most industrialized countries runs between 10-15% of disposable income. It's apparent that Americans know how to earn money and how to spend it--but have little knowledge of effective financial planning. This is perhaps the result of limited educational efforts.

The teaching of financial planning is at best fragmented among a number of business courses such as Personal Finance, Insurance, Investments, and so on. However, there has been limited effort into putting together comprehensive programs that emphasize the importance of overall financial planning. As a result, most people do not know how to analyze their financial needs or recognize the importance of planning for the future and setting long range financial goals. Most families are not well prepared for emergencies during their working years, nor are they prepared financially for retirement. This problem has led in part to the rather startling fact that over 90% of those reaching retirement age are in financial distress. Proper education in individual and family financial planning would surely help to reduce that rate.

Financial planning is somewhat like navigation, i.e., you must know where you are and where you want to go. A course has to be plotted. In financial planning, it's vital that families and individuals understand the importance of planning in the early years and establish viable goals and objectives that will provide financial independence for both emergencies and long-term retirement. The necessity for sound financial planning in current society is further exacerbated by the high rate of inflation the country has experienced in the 1970's which will probably continue through the 1990's. In the 70's, inflation averaged 7% per annum--resulting in a doubling of prices and a 50% reduction in purchasing power of money. This has had a significant impact on family and personal finances for both young and old.

What does financial security mean? First, it means having a steady source of income. Future income is the bedrock on which financial security is built.

Second, it means anticipating long and short-term needs. Cars break down, household appliances wear out, roofs leak. Children will grow to college age, and parents will reach retirement. Such situations require savings and investments early on. Financial security also means being protected against catastrophes, and that requires insurance to cover life, health, family possessions and retirement. Financial security also means getting further ahead each year, combating inflation, and being alert to opportunities to make money grow.

Life cycle planning is vital to financial security. A family normally passes through three major life cycles: (1) the early years when children are young and growing; (2) the middle years when the children have grown up, started college, and the family unit starts to contract; and (3) the retirement years. Individuals without children also experience these changes and must consider cyclical planning for financial security. Unfortunately, people have a tendency to delay financial planning until it's too late to implement necessary objectives. For example, 46% of the private sector work force have no retirement program other than Social Security. When most of the people caught in this dilemma realize their predicament, it is often too late.

All of these factors point to the importance and necessity of effective education in family and personal financial planning. To be effective, the instruction must include an understanding of the concept of financial planning, in setting goals and objectives, in developing skills with respect to saving and investing, in combating inflation and preparing for retirement.

II. PLANNING A FAMILY FINANCIAL PLANNING PROGRAM

In planning a successful program, it is important to develop instructional

objectives that will give participants a comprehensive understanding of the importance of money management and the necessity for establishing financial goals at the earliest possible time. For example, a recent study of several hundred middle class families indicated that all of them expected their children to go to college; however, 62% had not saved one penny toward that end. The remaining 38% were putting aside an average of only $310 annually. In addition, there are many examples of families being left with serious financial problems because the breadwinner had failed to anticipate both short and long-term needs for the family. Most people fail financially for the following reasons: (1) lack of well defined goals; (2) lack of self-discipline to establish and follow goals; (3) procrastinating; and (4) lack of ability to implement a viable financial planning program early.

To be effective, a family planning program must make individuals aware of the importance of timely planning. Program objectives should be developed to cover the following key areas:

- Current income requirements
- Future income requirements
- Adequate life insurance
- Medical/disability insurance
- Education of children
- Protecting assets through tax advantages
- Income for travel/hobbies
- Investing for assets, growth and accumulation
- Income at retirement
- Estate planning (wills/trust)

In order to create an innovative program, a broad range of financial planning elements similar to those cutlined above should be included to

cover the needs of both individuals and families and to promote an understanding of what sound financial planning can achieve for them in the present and in the future.

Planning also involves the development of effective procedures to phase program requirements into the regular college curriculum. There are usually two methods for this: the integration of financial planning elements into existing courses or new course development. These are not mutually exclusive and may in some cases happen simultaneously or sequentially. Both methods are discussed in the following two sections.

III. INTEGRATING FINANCIAL PLANNING INTO EXISTING PROGRAMS

At most colleges, business-related courses already include various elements of financial planning. The following courses, although not an inclusive list, are those which most often include financial planning aspects.

- General Insurance
- Money and Banking
- Personal Finance
- Savings and Investments
- Family Economics
- Real Estate
- Home Management
- Business Management
- Statistics
- Macro Economics

These existing courses provide an opportunity for expanding financial planning techniques in the classroom. This integration process includes identifying all the elements of financial planning that could be integrated into existing programs, identifying those elements of financial planning that are being taught, and then adding those needed additional elements. The idea is to compare what is desired against what is currently being taught and then strengthen those course areas that appear somewhat weak or deficient in

personal and family planning. The procedures for this integration would also require a comprehensive understanding of the philosophy and techniques of financial planning on the part of instructors.

Here are some examples of specific financial planning topics which may be integrated into existing courses.

COURSES NOTES

Insurance

- Risk and Risk Treatment
- Insurance and Its Significance
- Importance of Life Insurance
- Health Insurance
- Disability Insurance
- Annuities
- Pensions (emphasis on Employment Retirement Income Security Act)
- Importance of Groups/Life Group Health Insurance
- Government Social Insurance Programs
- Coordinating Life and Health Insurance

Money and Banking:

- Importance of Understanding the Use of Money
- The Federal Reserve and the Money Supply
- Savings and Investing
- Monetary Policy
- Fiscal Policy
- The Impact of Inflation on Money
- Interest Rates

COURSES (cont.) NOTES

Personal Finance:

- Financial Goal Setting
- Family Budgets
- Importance of Cash Reserves
- Consumer Rights
- Understanding Credit
- Retirement Planning
- Social Security
- Investing Options
- Estate Planning
- Wills and Trusts

Savings and Investment:

- Certificates of Deposit (Pros/Cons)
- Money Market Funds
- How to Invest--Stocks
  Bonds (Corporation and Municipal)
  Futures
- Tax Aspect of Investing
- Limited Partnership Real Estates
- Oil and Gas
- Mutual Funds
- Understanding Financial Leverage

Economics:

- Supply and Demand
- Inflation and Taxes
- Economic Growth
- Role of Government/Social Programs

COURSES (cont.) NOTES

Business Management:

- Profits and the Free Enterprise System
- Small Business
- Sources of Business Funds
- Future of American Business

Real Estate:

- How to Purchase a Home
- Methods of Financing
- Investing in Land and Properties
- Financial Leverage in Real Estate

Statistics:

- Simple Interest
- Compound Interest
- Annuities

IV. PERSONAL AND FAMILY FINANCIAL PLANNING--A SUGGESTED COURSE OUTLINE

The following is a suggested modular course which could be offered in its entirety or broken into separate modules for short-term or special target population needs. These modules could also be integrated into existing courses.

I. Goal Setting and Financial Planning

A. Goal Setting--The initial step in making life-time financial plans is to determine goals and to focus on areas of greatest concern.

Objective: The student will be able to write financial goals for the current year, for five years and for ten years.

B. Financial Analysis--A financial analysis would include an inventory, immediate estate needs, family income requirements and a retirement assessment.

Objective: The student will be able to analyze his/her current estate.

C. Financial Planning Fact Sheet--Students would utilize a questionnaire to gather information concerning their present and future financial and estate status.

Objective: The student will be able to fill out the estate planning sheet.

D. Understanding and Use of Compound and Present Value in Estate Planning--An important concept in financial planning is understanding the time value of money. In order to make sound financial planning decisions, the student must be able to forecast the future value of appreciating assets in an estate, as well as determine what is the present value of a future estate in terms of today's dollar.

Objectives: (1) The student would be able to compute the future value of an asset today compounding at various rates for varying lengths of time. (2) The student will be able to compute present value of an asset in the future.

II. Insurance Program

The student must understand that insurance, defined as "coverage by contract whereby one party undertakes to indemnify or guarantee another against loss by a specified contingency or peril," is paramount in financial planning.

A. Principles of Insurance

Objectives: (1) The student will be able to identify major categories of insurance. (2) The student will be able to classify the types of insurance companies.

B. Life Insurance and Social Security

Objectives: (1) The student will be able to identify the advantages and disadvantages of the various types of life insurance. (2) The student will be able to identify the sources of significance of annuities. (3) The student will be able to understand the types of benefits of pension plans.

(4) The student will be able to understand the protection provided by social security. (5) The student will be able to determine the amount of life insurance needed for protection. (6) The student will be able to define the advantages of life insurance as an investment and a tax shelter.

III. Tax Savings in Family Transactions

A. Income-Splitting Among Family Members--Family income tax savings may be achieved through the transfer of income producing property from a senior high-tax bracket family member to one in a lower bracket.

Objective: The student will be able to determine the effectiveness of such a move considering the gift and estate tax consequences.

B. Using Intra-Family Loans to Advantage--Low or no interest intra-family loans, properly structured, may achieve substantial family income savings, while at the same time avoiding the gift tax liabilities.

Objective: The student will be able to determine the advantages and disadvantages of an intra-family loan.

C. Gift or Sale and Leaseback of Business Property--This strategy typically involves the transfer of business real estate to a trust for the benefit of the business owner's family, and the leaseback of the property, in whole or in part, to the business.

Objective: The student will be able to determine the benefits of the leaseback plan.

D. The Private Annuity--Here, the senior family member typically transfers appreciated property to a junior family member in exchange for a promise by the transferee to provide the transferor with an annuity for life.

Objective: The student will be able to define the private annuity.

IV. Family Transactions

A. Family Partnerships--These can be used to minimize both the

income taxes and estate taxes of a business owner, and facilitate the transfer of business ownership to the owner's beneficiaries.

Objectives: (1) The student will be able to recognize the tax benefits of a family partnership. (2) The student will understand that basic terms of a family partnership.

B. Planning for Marriage--People contemplating marriage or remarriage may want to determine the legal and financial aspects. This same topic can also include "meretricious" relationships whereby, in some states, two persons not married live together with some permanency.

Objectives: (1) The student will be able to determine the items usually noted in an "agreement in contemplation of marriage." (2) The student will be able to discuss the normal legal and financial results of marriage and the extent to which these may be altered by agreement of the parties. (3) The student will be able to discuss the legal and financial results of two people living together.

C. Marital Split-ups--Divorce and separations frequently involve financial considerations such as alimony, child support, property settlements, claims against pension benefits and other interests, and legal expenses.

Objective: The student will be able to identify a financial plan that would work to advantage for both parties in a marital split-up.

V. Investment Companies

Investment companies may be defined as commercial enterprises that obtain money from institutions and individuals for the primary purpose of investing these funds in short-term debt, bonds and/or stocks in order to achieve such objectives as safety, growth and income.

A. Open-end Companies (Mutual Funds)

Objectives: (1) The student will understand the capital structure of mutual funds. (2) The student will understand the objectives of investment companies. (3) The student will understand the income and capital gains paid to shareholders as well as the annual charges.

B. Closed-end Companies

Objectives: (1) The student will understand the form of

capitalization for closed-end companies. (2) The student will understand the costs associated with buying and selling shares in closed-end companies.

VI. Bonds

A bond is a certificate of indebtedness on which the issuing agency promises to pay the holder a precise sum, including an established rate of interest at times specified in the agreement.

A. U.S. Government Securities (nonmarketable and marketable)

Objective: (1) The student will be able to define nonmarketable securities including series E and series H bonds. (2) The student will be able to define treasury bonds and know how to purchase them.

B. Government Agencies and Boards

Objective: The student will be able to identify other agencies with public interest that issue debt instruments.

C. State and Municipal Securities

Objective: The student will be able to define general obligation bonds, limited and special tax bonds, public-housing authority bonds, agency bonds, and lease-security bonds.

D. Corporate Bonds

Objective: The student will be familiar with bond ratings and pricing.

E. Convertibles

Objective: The student will be able to understand how a convertible bond is issued and the risk involved in investment.

VII. Stocks

With respect to the market, it is important to emphasize the desirability of making quality investments. Securities should not be bought without adequate background and understanding of the problems confronting the investor.

A. The Stock Market

Objectives: (1) The student will be able to compute yields. (2) The student will be able to read the financial section of newspapers and journals. (3) The student will be able to understand the purpose of a brokerage firm and how to select one. (4) The student will be able to understand how the market is doing by being able to compute daily averages.

B. Stock Analysis and Investment Program

Objective: (1) The student will be able to understand the fundamentalist approach to buying stocks. (2) The student will be able to understand the chartist approach. (3) The student will be able to understand the formulator approach.

VIII. Trusts

Trusts may be created for a variety of reasons, some of which are related to performing functions and providing protections that the beneficiary is unable to provide. Others relate to saving income, estate taxes, and probate.

A. The Role of Trusts in Financial and Estate Planning

Objectives: (1) The student will be able to understand the role of trusts in financial and estate planning. (2) The student will be able to summarize tax rules related to trusts. (3) The student will be able to define the following types of trusts:

- Irrevocable Living Trust
- Revocable Living Trust
- Pour-over Trust
- Standing Trust
- Trusts Created by Will
- Short-term Trust
- Generation-Skipping Trust

IX. Investment Strategies

The primary focus is on tax-sheltered investments which have one or more

of these elements: (1) special tax incentives for particular types of investment; (2) tax deferral and acceleration of depreciation; (3) leverage; and (4) conversion of ordinary income into capital gain. Limited partnerships are the most common vehicle used for carrying tax-sheltered investments because they permit losses (and profits) to be passed through to the limited partner-investors, while at the same time limiting their liability.

A. Tax Sheltered Investments

Objectives: (1) The student will be able to understand the factors to be considered in determining the suitability of a particular investment. (2) The student will be able to identify the laws associated with tax shelter and the basic elements of a tax-shelter investment.

B. Limited Partnerships

Objectives: (1) The student will be able to determine the financial investment potential of a limited partnership. (2) The student will be able to identify the variety of tax rules that may affect the investment and the tax deductions possible.

C. Real Estate Shelters

Objectives: (1) The student will be able to identify the investment potential of real estate. (2) The student will be able to understand the risks associated with this type of investment. (3) The student will be able to interpret the depletion allowance.

X. Wills and Reductions of Transfer Costs at Death

Major considerations are the federal estate tax, state death taxes, and probate and administration expenses.

A. Alternative Estate Planning

Objective: The student will be able to compute the cost and determine how deductions can be made.

B. Deductions

Objectives: (1) The student will be able to analyze various deductions, such as the martial deduction, the charitable deduction, and the orphan's deduction.

C. Wills

Objectives: (1) The student will understand the will format.
(2) The student will understand the role of the executor.

V. STAFF DEVELOPMENT: A SUGGESTED TWO-DAY WORKSHOP

The effective integration of financial planning topics into existing courses and the implementation of a new course or program will rely to a great degree on a successful staff development effort. The following two-day workshop is a suggested plan for staff development in Personal and Family Financial Planning. The intense two-day session would encourage use of the information both on personal and professional levels. The purposes of the workshop are to:

1. Provide staff with an overall understanding of current financial problems.
2. Help staff to become aware of their attitudes concerning money.
3. Help staff become aware of the necessity of financial planning on an individual and family level.
4. Encourage staff to become aware of how financial planning can be utilized in individual courses.

The leader for this training session needs to be someone very familiar with financial planning and one who can encourage group discussion.

DAY ONE

Sensitivity Experience and Discussions (one hour, 45 minutes)

1. Discuss all the different names one can associate with the word "money".
2. Allow the participants to think for a few minutes of the first experience each had with money. Several people could relate their experiences. Discuss the significance or ideas generated by these experiences.

3. Have several participants discuss how money was handled in their homes when they were children. A check list could be utilized indicating: (a) who had control of money; (b) how money decisions were made; (c) how much the children were aware of financial situations.

4. A follow-up discussion should be held on how money considerations are presently handled in each participant's household. Is a budget used? Is a financial plan established?

5. A short discussion of the importance of financial planning should be followed by practicing goal setting strategies. Each participant should project his/her financial goals for the current year, five years, and ten years.

Film: "The Money Tree" (45 minutes)

The film depicts the poor use of money, and the focus is on a young couple who do no planning which results in financial disaster. The film could be followed by a short discussion.

Speaker: Credit Counselor (30 minutes)

The presentation should include:

1. Present financial concerns.

2. Family stress brought on by financial worries.

3. How to avoid credit problems.

LUNCH

Speaker: Economist (with question and answer period; 45 minutes)

The presentation should include:

1. Current concerns about inflation.

2. How government and other influences determine the individual's money problems.

3. The future financial picture.

Speaker: Personal Finance Instructor (question and answer period; one hour)

The presentation should include:

1. Basic money management.

2. How to use a budget.

3. Individual and family life cycle stages as they relate to financial matters.

Speaker: Financial Planner (with question and answer period; one hour)

The presentation should include:

1. Financial planning and what is involved

2. How a professional can help.

3. Basic guidelines for estate planning.

DAY TWO

Panel on Insurance (one hour, 15 minutes)

The panel might consist of professionals in each of the following areas:

1. Life Insurance

2. Health

3. Tax Shelters

4. Theft and Casualty

Panel on Investments and Planning (one hour, 15 minutes)

1. Bonds

2. Trusts

3. Wills

LUNCH

Small Group Activities (open-ended)

The afternoon session should be utilized by each individual for course development. Small groups could be formed in similar disciplines. Current course outlines could be used to formulate ways to incorporate information on financial planning.

Counselors may want to discuss ways money management and financial planning information could be used to help guide students. This information would be helpful to students in their choice of courses, jobs and careers.

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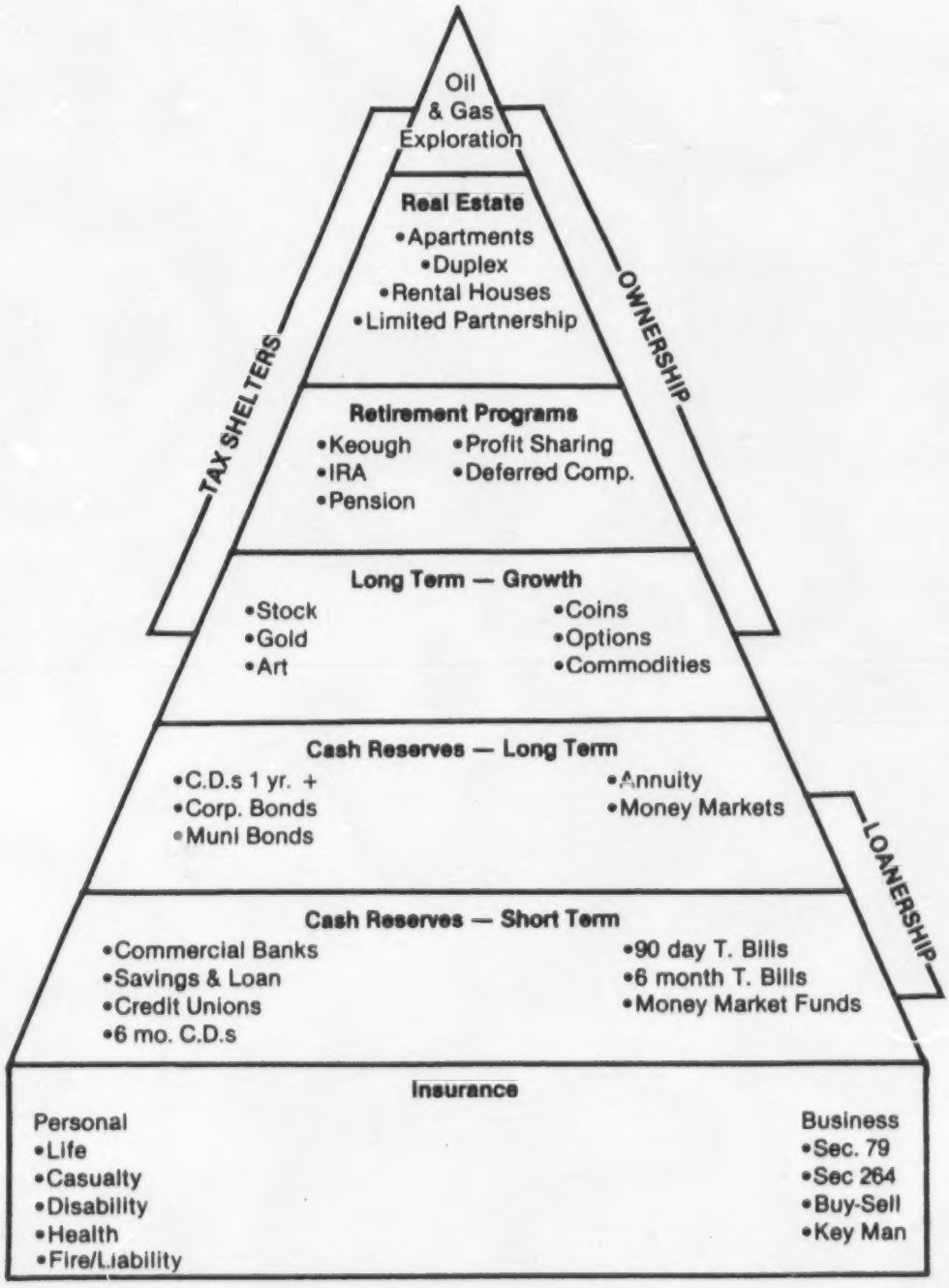
Financial Planning

A well-balanced program between financial goals and ownership and loanership positions with your objectives in mind. The number one priority in any financial plan is a sound insurance program.

Asset Management

Repositioning present assets for maximum use of all before and after tax dollars. Keeping in mind changing objectives and tax laws.



WHEN IS THE *Convenient* TIME TO START YOUR PLAN?

AGE 21-30

"GETTING STARTED —THERE'S PLENTY OF TIME"

AGE 30-45

"MY FAMILY IS GROWING, I'LL WAIT AWHILE"

AGE 45-55

"COLLEGE EDUCATION IS EXPENSIVE, CAN'T START NOW"

AGE 55-60

"THINGS AREN'T SO GOOD. HAVE TO GO ALONG AS USUAL"

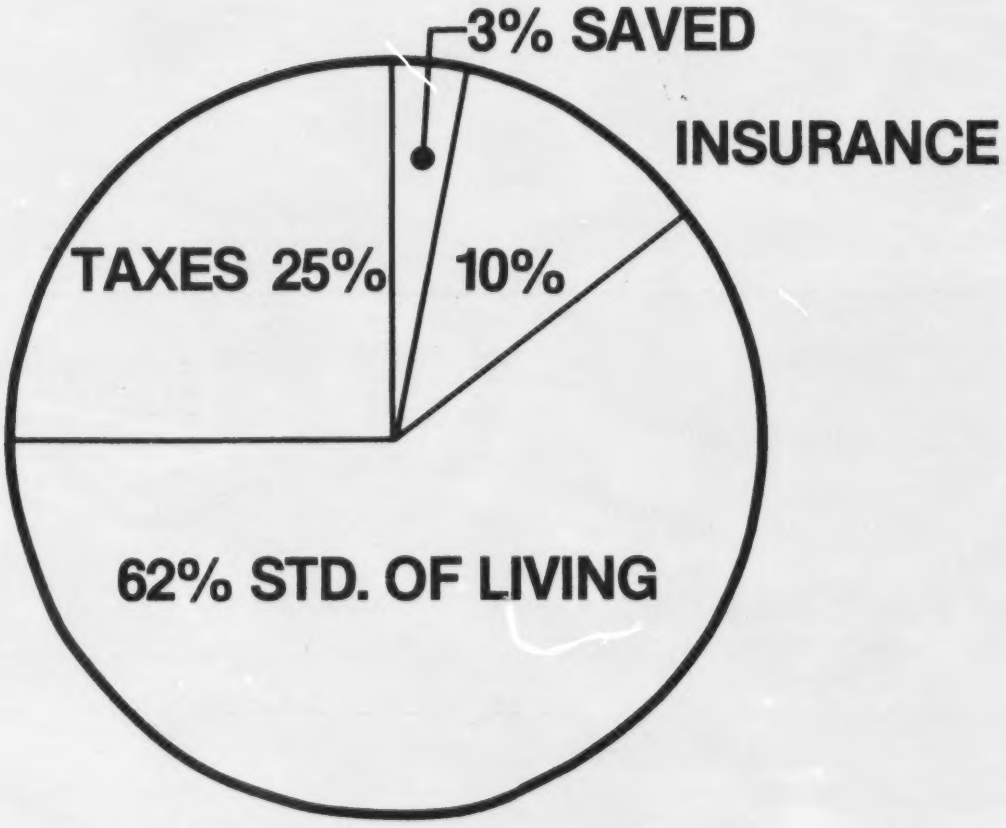
AGE 65

"TOO LATE NOW, MAYBE I CAN GET ALONG ON SOCIAL SECURITY"

REASONS FOR FINANCIAL FAILURE

1. LACK OF DEFINED GOALS
2. IGNORANCE OF WHAT MONEY CAN DO
3. NOT APPLYING PROPER TAX LAWS
4. BUYING THE WRONG TYPE OF INSURANCE
5. PROCRASTINATION
6. DEMANDING GUARANTEED GOALS
7. DESIRING SOMETHING FOR NOTHING
8. OVERLY INFLUENCED BY OTHERS
9. DEPENDING ON SOCIAL SECURITY
10. PLAYING MARKET — NOT INVESTING

DISTRIBUTION OF AVERAGE FAMILY INCOME



INSTRUCTOR NOTES

THE COUNSELOR'S ROLE IN PERSONAL AND FAMILY FINANCIAL PLANNING

by

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Two appropriate content areas for a Personal and Family Financial Planning (PFFP) course are the psychology of money and the impact of money management on career choices. Since college counselors are traditionally expected to be the "experts" in psychological education and in career counseling, they could well provide the material and human resources needed for developing these areas.

Any PFFP course will be more complete with the inclusion of a module dealing with "The Psychology of Money." This is an area that is often overlooked and yet is obviously essential for full understanding of a successful money-management process. All of the information gathering, planning and goal-setting may be useless to a family if "money-talk" is a volatile activity that inevitably results in a communication impasse. The goals of a module on "The Psychology of Money" are:

1. To assess personal values and attitudes related to earning, managing and saving money.
2. To gain an awareness of the impact of money management on interpersonal relationships.
3. To learn communication skills that will facilitate money related discussions.

The module is based on the following outline:

I. WHAT DOES MONEY MEAN TO ME?

A. Desensitization

1. Money Words--Meanings
(dough, bread, lettuce, bills, moula)

2. Personality Descriptions
(skinflint, greedy, tightwad, cheap, spend-thrift)

3. Slogans
(a penny saved is a penny earned, money can't buy happiness)

B. Values Clarification

1. Auction
2. Guided Fantasy

C. Psychological Messages

1. Cultural
2. Religious
3. Parental

II. WHAT DOES MONEY MEAN TO ME AND MY RELATIONSHIPS?

A. Talking About Money With Significant Others

1. Expectations
2. Assumptions

B. Family Systems

1. Types of Families
2. Communication Patterns

III. WHAT INTERPERSONAL BEHAVIORS WILL FACILITATE MONEY TALKS?

A. Assertiveness

B. Attending - Responding

The career counselor can play a major role in the personal and family financial planning process. Emphasis in the counseling process can be on the concept of money management throughout the life cycle as a basis for achieving economic stability and security. There are several points during the career/life planning sequence where money is a primary issue, and these are described below.

1. Being Aware of Time and Money as Long-Term Quantities

One of the most difficult tasks for a person involved in the career choice

process is to fully comprehend the enormous amount of money to be considered when talking about lifetime earning power. Clients usually experience the futuristic syndrome of being unable to personally identify with their own general projections. At this point, counselor and client would discuss the importance of self-awareness as applied to tangible, material assets, income produced to this time, and potential income for the next ten years. PFFP materials are valuable resources for the client's research on these topics and may also serve as catalysts for organizing his/her approach to money management.

II. Identifying Goals, Values and Priorities

The next step in career counseling involves goat setting, values clarification, and establishment of priorities. There is no way to separate life planning from career planning, so much of the client's activity would revolve around defining personal and family values in light of current income and expenditures. Consideration would be given to buying habits, savings, investments, insurance and how they relate to planning and goal setting. The importance of fringe benefits as career choice variables would be studied. As new priorities are set, the client will see the importance of evaluating personal and family financial plans in order to prepare for changing economic conditions that will likely affect career choice and development.

III. Taking an Inventory of Present Skills

This step requires the client to look at several questions related to current earning power, requirements for advancement, and career-related lifelong learning needs. The expenses of training and education are increasing steadily. How much time and money can one afford to invest in the improvement of skills? How much will it cost to finance a two or

four-year academic program? Is the payoff for graduate degrees commensurate with the expenses involved?

IV. Identifying Future Impact and Consequences of Decision

When the client begins identifying the future consequences of present career decisions, the implications of financial planning become most obvious. In many cases, the concept of financial security looms as a monumental determinant in career choice. Is it best to stick with the "depression-proof" occupations (e.g., teaching, food production and distribution) or would the wiser course be to select a high-salaried, low-security occupation (e.g., stock broker, real estate salesperson)? How can one build in financial security without excluding some exciting career possibilities?

V. Deciding Who or What Controls Career Planning

The relationship of PFFP to this step is based more on the psychology of money and its effect on assuming responsibilities for career choices. At this point, the counseling process would concentrate on identifying psychological messages (cultural, religious and parental) the client has introjected throughout life, and allowing clear choices to be made when he/she becomes conscious of these operating principles. Other questions to be considered by the client are, "Am I fully informed about financial implications of career alternatives so I can make clear choices?" and "Am I depending on someone else to balance budgets, pay bills, and make investments?"

Personal and family financial planning is an area where counselors can play a major role in student guidance. It is especially crucial in these times when inflation, geo-politics, complex technologies, and a rapidly changing society weigh very heavily on people as they make career choices.

INSTRUCTOR NOTES

PERSONAL AND FAMILY FINANCIAL PLANNING: SOME RESOURCES FOR TEACHING FROM THE AMERICAN COUNCIL OF LIFE INSURANCE

by

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The family and the problems which affect it are of special concern to the life and health insurance business, particularly those problems that affect the family's financial security. For nearly four decades, the American Council of Life Insurance, the association that represents the life insurance business and some aspects of the health insurance business, has cooperated with the education community and worked with educators concerned with improving the financial well-being of the family and the individual. It has assisted in the development of educational programs and materials in personal and family financial planning, and this support is based on five assumptions:

1. Competent management of financial resources is an essential factor in personal and family stability.

2. Financial decisions are influenced by feelings, attitudes, social pressures, knowledge, values, expectations and unmet needs, as well as knowledge of the component parts such as banking, credit, savings, insurance taxes, etc.

3. Personal and family financial planning becomes more complex every day and a large number of Americans are not effective in the management of their financial affairs.

4. New and effective ways to teach and learn the essentials of personal and family financial planning are necessary as many of the old guidelines about personal or family finances no longer work.

5. Educators throughout the nation are becoming increasingly concerned about the inadequate financial management skills of a large segment of the population.

Personal and family financial planning education programs are based on the belief that roles, needs, and values change at different points in the life span of the person and the family. Financial resources may be obtained, used and protected in many different ways. To become competent in financial matters, people need accurate information about the various components of family finance, as well as opportunities to analyze their values, attitudes, and decision-making processes. The interdisciplinary nature of the complex issues of family finances is emphasized.

The educational activities of the Council aim at improving both the teacher's and student's knowledge, skills and attitudes toward earning, saving, borrowing, buying, insuring and investing. In addition to the educational programs the Council supports, it has developed financial planning print and mediated materials for the use of instructors and students. The materials for instructors and staff developers provide information about financial planning and its place in the curriculum, as well as information about life and health insurance, social issues and societal attitudes. Those for students include workbooks, charts, textbooks and games aimed at conveying financial planning information. Below is a list of materials available from the American Council of Life Insurance.

MATERIALS FOR STAFF DEVELOPERS AND INSTRUCTORS

RESOURCE MATERIAL

Understanding PFFP

Describes what PFFP is and what it includes. Competencies and generalizations are included which can serve as instructional objectives for courses and activities in personal and family financial planning.

Personal and Family Financial Planning: The Need and the Promise

The proceedings of the 1979 Annual Teacher Education Meeting of the ACLI. Contains six papers describing personal and family financial planning and its potential in educational programs. One paper by James Wattenbarger discusses its importance in the community college curriculum.

Personal and Family Financial Planning Fact Sheet

Derived from research documenting the need for instruction in financial planning, the data are organized under such headings as student performance, youth attitudes, family information, legislative action, and teacher education.

Adult Financial Management Matrix: Parts I and II

Designed to develop understanding of how financial needs and tasks change throughout the life cycle, the matrices addresses the financial tasks unique to six adult life stages.

Personal and Family Financial Planning: Strategies for Teaching

Collection of instructional strategies developed and used by instructors to teach elements of PFFP. A wide range of topics are covered.

Catalog of Educational Materials On Life and Health Insurance and Personal and Family Financial Planning

Personal and Family Financial Planning: Perspectives On Community College Programs

Description of credit and noncredit financial planning programs offered by member colleges of the League for Innovation in the Community College. Available from the League for Innovation, Suite 925, 1100 Glendon Avenue, Los Angeles, CA 90024

"Orientation to Personal and Household Financial Planning"

Slide-cassette prepared by Institute of Higher Education, University of Florida, to introduce community college faculty to family and household financial planning. Approximately 15 minutes.

BACKGROUND MATERIAL

Understanding Your Life Insurance

A simplified textbook which explains the basic concepts of life insurance. Valuable as a consumer information resource, Understanding is ideal for teachers, especially in adult education courses that include life insurance. Single copies are free to educators and school librarians.

Life Insurance Fact Book

Presents basic statistics about the life insurance business with text, tables, and graphs, historical data on a variety of life insurance topics, and summarizes the past year's developments. A standard reference for students and teachers. Free in quantities up to 50 for two and four-year college teachers.

Source Book Of Health Insurance Data

A standard reference work of statistics, charts and graphs on health insurance. It provides the most recent available information on the major forms of health insurance: hospital, surgical, regular medical, major medical, disability and dental insurance. Includes information on Medicare and Medicaid, benefit payments, medical care costs, health manpower and incidence of morbidity. A useful reference book for teachers. Free in quantities up to 50 or for two and four-year college instructors.

Pension Facts

An informative resource on private and public pension plans. It provides a statistical and descriptive account of the pension systems. Single copies are free to educators.

Youth 1978

Presents data on changes in young people's attitudes during the 1970s. Information is drawn from four nationwide surveys conducted biennially since 1970 by the American Council of Life Insurance. The most recent data are from the February 1978 survey, which is representative of young Americans ages 14 through 25. Included is information on attitudes toward saving and spending, work, family and life styles, and life insurance and life insurance companies. Single copies are free to educators.

Current Social Issues: The Public's View

The fifth in a series of annual reports reflecting social trends in America's adult society. Through a series of national public attitude surveys, data are collected on such social issues as: the economy, taxes, personal finances, sex roles, traditional values, work and corporate governance. Single copies are free to educators.

Factsheet On Women

Provides information on variety of topics concerning women. Published periodically.

Datatrack no. 6: Blacks and Hispanics in the United States

A report on the changes in population growth and distribution, education, employment, income and attitudes among Black Americans since 1960 and among Hispanic Americans since 1970. Single copy free.

Trend Analysis Program (TAP)-Report No. 17: Changing Nature Of Work

Explores developing issues and potential changes in the world of work. Presents information on the workforce, management and future trends relating to work. Single copy free. (26 pp.)

Health and Health Insurance: The Public's View

Report describing public attitudes toward the health care system, focusing particularly on what the public thinks about containing health care costs and national health insurance. Single copy free.

MATERIALS FOR STUDENTS

Financial Planning, Employee Benefits and You

Illustrated reading workbook designed to help students learn the basic elements of financial planning, and how to incorporate various types of employee benefits--pension plans, life and health insurance, savings plans and others--into their personal financial plan. Additionally, stress is placed on the development of basic reading skills. Vocabulary building and comprehension skills receive special attention.

Reading level 4-6 grade. For students enrolled in Adult Basic Education programs. Free to teachers in quantities up to 35.

Policies for Protection: How Life and Health Insurance Work

Workbook helps teach students basic information about life and health insurance protection. Defines the concept of risk sharing, the forms of insurance protection, the nature of a life insurance policy, and the role life insurance plays in a personal or family financial plan. For senior high school students, two-year college students, adult basic education students, and adult continuing education students. Free to teachers in quantities up to 100.

Sample Life Insurance Policy

The sample policy is representative of contracts issued by life insurance companies. Contains all major provisions in a policy and an application form. Sample policy will help develop student skills of reading and interpreting the technical language of a life insurance policy. Two-year college students, four-year college students, adult continuing education students. Free in quantities up to 50 to two-year and four-year college instructors and teachers of adult continuing education.

Life and Health Insurance: A Guide for Young Adults

Illustrated booklet presents the basic principles of life and health insurance and their function as a part of total, comprehensive financial planning. Context is the finance-related decisions students will face during the next 10 years of their lives.

Information is presented in a series of case studies, charts and graphs. Two-year college students, four-year college students, adult continuing education students. Free in quantities up to 100 to college instructors and teachers of adults.

The Money Manager

A convenient fold-out worksheet listing four steps to more effective money managements. Includes charts for listing weekly and monthly expenses and instructions for establishing a short-range budget plan. Free to teachers in quantities of 100. Spanish edition available.

"Plan for Your Future"

A slide/tape presentation that illustrates how the Martin family and their friends develop their financial plans by examining their wants and needs, their short and long-range goals and their financial resources at various points in their lives. Financial tasks relevant to different ages and household types are identified to be used in conjunction with the Adult Financial Management Matrices. (80 slides, 15 minute cassette tape available on a short-term (two week), free loan basis.)

"Dealing With Life Insurance"

A set of five decks of colorfully illustrated playing cards including an instructor's guide and instructions for student use. Familiarize students with the basic vocabulary and concepts of life insurance. Senior high school students, two-year college students, four-year college students. Cost - $12.00

"Let's Talk About Money"

Money management guide to help people plan their financial futures. Breakdown of various types of investments, tips on estate planning, savings and insurance and how to use credit. Charts and worksheets for individual and family planning. Free to instructors in quantities up to 50.

INSTRUCTOR NOTES

ERIC Clearinghouse for Junior Colleges
96 Powell Library Building
University of California
Los Angeles, California 90024

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